



SPECIAL ASSESSMENT

OCTOBER 2004

Asia's Bilateral Relations

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Malaysia-Singapore Relations: Never Mind the Rhetoric

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Executive Summary

- The depth of the relationship between Malaysia and Singapore is unmatched within the Association of Southeast Asian Nations (ASEANs). Trade and investment links are valued by both sides, not least of all by resource-poor Singapore. Both countries remain formally allied through the multilateral Five Power Defence Arrangements (FPDA) that also include Australia, Britain, and New Zealand. Through the FPDA, Malaysia and Singapore have the only regular and substantial military-to-military links within Southeast Asia. Both also share strong concern over the threat from terrorism.
- Despite the depth and breadth of cooperation, the relationship between Malaysia and Singapore is prone to a number of high-profile bilateral spats that receive considerable media attention. These spats, especially over the price of water piped into Singapore from Malaysia, have produced a fair amount of friction over the years. Yet they have not undermined cooperation in a number of other important spheres of mutual interest.
- Loose talk of war between Malaysia and Singapore by some commentators has been publicly dismissed at the highest level by both sides as being directly contrary to the well-being of both countries. The emergence of Abdullah Badawi as Malaysia's new prime minister would likely buttress high-level efforts in both countries to avoid inflammatory rhetoric and pursue diplomatic approaches to bilateral disputes.
- A robust and cooperative relationship between Malaysia and Singapore remains critical for ensuring the security of the most important sea-lane in the world—the Malacca Straits. America's interest in a vital bilateral relationship now also extends to the war on terrorism. Cooperation between Malaysia and Singapore on dismantling terrorist cells has gone hand-in-hand with each country's bilateral cooperation with the United States against terrorism. Strong Singapore-Malaysia relations also permit the two countries to influence the rest of ASEAN to take the terrorist threat seriously.

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE OCT 2004		2. REPORT TYPE		3. DATES COVERED 00-00-2004 to 00-00-2004	
4. TITLE AND SUBTITLE Malaysia-Singapore Relations: Never Mind the Rhetoric				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Asia-Pacific Center for Security Studies (APCSS),2058 Maluhia Road ,Honolulu,HI,96815				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 6	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

INTRODUCTION

Tim Huxley, a prominent academic specialist on Southeast Asian security, caused a stir in Singapore with his publication *Defending the Lion City: The Armed Forces of Singapore*. He had suggested that Singapore's armed forces were primarily geared to counter Malaysia. Bilateral squabbles over a number of issues—such as the water pumped from Malaysia to Singapore, Malaysia's maintenance of a railway station customs' post in the heart of Singapore, and curtailed access to Malaysian airspace for the Republic of Singapore Air Force (RSAF)—have given the impression that the two countries are in a state of perpetual conflict that could spill over into military hostilities. Yet talk of war by media commentators and even politicians during 2002 prompted the prime ministers of both countries to deny the possibility of armed conflict between the two neighbors. However sensational the headlines, Malaysia and Singapore enjoy a relationship that is the most complementary in ASEAN. Both are heavily interdependent in terms of capital, people movement, goods and services, and resources (particularly water). Only Malaysia and Singapore engage in substantial routine military exercises together as part of FPDA. Both have also placed the threat of terrorism high on the national agenda and even coordinated raids on *Jemaah Islamiyah* (JI) members in December 2001.

BILATERAL DISPUTES

Malaysia and Singapore, separated by a causeway only a kilometer long, have a laundry list of bilateral problems as do, typically, any two neighbors. However, this is complicated by the fact that Singapore seceded from the Federation of Malaysia in 1965 leaving a number of entanglements and lingering suspicions that remain till today.

The issue that caused the split between Malaysia and Singapore was Malaysia's insistence on political favoritism for indigenous Malays. Singapore, which has remained just under 80 percent ethnic Chinese since independence, rejected this notion arguing that only a merit-based system could underscore economic and social development. The then-leader of Singapore, Lee Kuan Yew, had argued for a "Malaysian Malaysia" which is used as a short-hand term for the removal of favoritism for ethnic Malays while Singapore was still part of Malaysia. Bitterness and stereotyping have remained a prominent feature of the relationship discourse, at least at the popular level. Singaporean commentators have expressed the view that Malaysia has never fully come to terms with the separation. There is also a discernable sense in Singapore that Malaysian leaders, particularly former Prime Minister Mahathir Mohammad, have used Singapore as a hot button issue to shore up domestic popularity. Singapore's Foreign Minister S. Jayakumar told the Singaporean parliament in 2003 that—in reference to the water issue—Malaysia views Singapore as "insensitive, arrogant, unneighborly, selfish, profiteering, and legalistic." Malaysian criticisms are different. According to writer Munir A. Majid in the *New Straits Times*, Singapore insists on "strict legality and technicality" in order to put its own self-interest above being a constructive neighbor. Munir also argues that the existence of the ringgit and the trading of Malaysian shares in Singapore "helped to seriously damage" the Malaysian economy during the 1997 financial crisis. (Singapore has also faced the accusation of currency meddling by Indonesia's leaders.)

The contempt of familiarity still plays out in the bilateral relationship. In early 2002 when Singapore banned four schoolgirls—Singaporeans of Malay ancestry—from wearing the *tudung* (headscarf) in school, various Malaysian leaders weighed into the debate. Not only did the Malaysian Ministry of Education consider the application of one of the children for schooling in Malaysia, the Islamist opposition party *Parti Islam SeMalaysia* (PAS) even offered financial and legal support to parents in the case. Singapore's Prime Minister Goh Chok Tong was moved to request that Singaporeans be wary of foreign interference on the issue. The *tudung* case exemplifies how domestic politics in one country affects the other.

In many ways, the two economies are complementary though Malaysia and Singapore are also commercial rivals. Both sit astride the world's most strategic sea-lanes. Malaysia's Port of Tanjung Pelepas (PTP), which opened in 2000, is not only the world's fastest growing port but now ranks in the world's top twenty ports. Lying just to the east of Singapore, the Malaysian port is in direct competition to Singapore and has poached some of its leading patrons. Yet Malaysia has long suspected Singapore of engaging in unfair competition. For example, Malaysia and Singapore agreed in 2001 to replace the old causeway—which blocks some of Malaysia's potential customers—with a high bridge that would allow navigation of the Johore Strait. Since then, Singapore has consistently refused to continue negotiation on the project arguing that a host of bilateral problems needs to be addressed first.

The chief bilateral issue facing Malaysia and Singapore is that of water. Although Singapore now claims to supply nearly 50 percent of its own water needs, it still depends heavily on water piped from the Malaysian state of Johore. Water supply became the most contentious issue in the relationship when Malaysia began to apply pressure over the price. Based on soft agreements made to entice Singapore into the Federation of Malaysia in the early 1960s, Singapore pays a mere three Malaysia sen (US\$0.008) per 1,000 gallons of water, which the Malaysian government estimates is US\$0.15 per Singaporean per year (based on 2001 figures). Singapore actually returns treated water to the state of Johore—at a loss, per Singapore—though Kuala Lumpur counters that the “subsidy” in no way makes up for initial losses to Malaysia. Without fully entering the labyrinth of “water talks” between Malaysia and Singapore with its claims and counterclaims, Malaysia seems to want a “fairer” price. Singapore insists that the existing deal cannot be reworked and accuses Malaysia of “shifting the goalposts” by first demanding 45 sen and then 60 sen. Malaysia counterclaims that the price of 60 sen has been the fair price all along. An arbitrary price increase, says Singapore, will not impoverish Singapore but violates the sanctity of an agreement. Foreign Minister S. Jayakumar believes that Malaysia will ultimately seek a massive increase in the price to 8 ringgit per 1,000 gallons. Renegotiating the deal is thus the thin end of the wedge. And, as a Singapore government brief on the issue makes plain, “[I]f 3 sen per 1,000 gallons is a ridiculous price, it was Malaysia's own doing.” The Malaysian government, despite the price haggling, has promised that it will “never” stop the flow of water into Singapore. To do so would be an act of war toward Singapore given that country's dependence.

There are other issues that have caused arguments between the two countries. Singapore's attempt to relocate Malaysian customs away from the Tanjung Pagar train station (located in the heart of Singapore but owned by Malaysian rail) has met with resistance from Kuala Lumpur. This refusal has led to an unusual situation: Passengers boarding in Singapore must pass Malaysian customs first before stopping at the

Woodlands station to pass Singaporean customs. Singapore has also refused an early release of compulsory retirement savings put aside for Malaysian workers in Singapore under the Central Provident Fund (CPF). Another sore point is Singapore's ongoing land reclamation, which will impact the sea boundaries under Law of the Sea arrangements: Malaysia claims the reclamation is done with illegally smuggled Malaysian soil. Malaysian officials have made it plain that they expect Singapore to consult with them on this issue before proceeding, while Singapore tends to view this as a domestic affair. An ongoing sovereignty dispute over Pulau Batu Putih, a small island claimed by both countries, has been shelved temporarily with both countries agreeing to present their case to the International Court of Justice (ICJ). (Malaysia may be buoyed by its success in the ICJ against Indonesia over sovereignty of two small islands a few years ago.)

These bilateral problems have made an impact on strategic and defense issues. Malaysia has ended an old arrangement that allowed the Singaporean air force automatic access to Malaysian airspace, presumably as punishment for Singapore's perceived lack of cooperation on the other bilateral problems. Given the geographic restrictions on the tiny country of Singapore, this now presents a major obstacle to the RSAF. In terms of policing the immediate environs, Malaysia and Singapore also have expressed differing opinions. In response to the rising levels of piracy in the Malacca Straits (now responsible for more than half of all pirate attacks worldwide), Singapore wants U.S. involvement in patrolling the Malacca Straits. Malaysia (and Indonesia) object to this outside involvement. In June 2004, Malaysian Foreign Minister Syed Hamid Albar scotched this particular Singaporean proposal although he did not dismiss the nature of the problem. The minister instead argued that it may provoke Islamic militants to enter the region by providing them with American targets of opportunity. In disagreeing with Singapore, Syed Hamid tempered his remarks by adding that Malaysia's approach to security of the vital waterway differed only in "style" from that of Singapore. The subtext of this remark is that both countries ultimately share the same concerns and interests regarding the security of the Straits.

These bilateral problems, stemming from a host of historical and recent factors, are serious and have caused bitterness in the relationship. The war of words between officials on both sides sometimes gives the respective domestic publics and other observers the impression that these disputes could lead to outright conflict. Naturally, militaries prepare for the unseen future, but at present none of these bilateral problems threaten to lead to actual armed conflict, which is confirmed by senior politicians in Malaysia and Singapore. The major areas of bilateral cooperation mitigate against the relationship seriously spinning out of control.

BILATERAL COOPERATION

The proximity of Malaysia and Singapore and their intertwined history, as already noted, have also led to a level of bilateral cooperation which exceeds that of any other bilateral relationship within ASEAN.

The most concrete recent example is Malaysia-Singapore cooperation against terrorism. Both states share a serious concern over the emergence of JI in the region. They have coordinated on police work and intelligence sharing, and even synchronized the initial arrests of JI members in December 2001. JI members were imprisoned in both

countries under the Internal Security Act (ISA), which both Malaysia and Singapore patterned after the British law that allows for detention without trial for up to two years for supposedly dangerous suspects. Also, both countries have put pressure on Indonesia to take a more active role in confronting the terrorism problem. Differences between the two countries can still be observed, however, in the rhetoric surrounding how to cope with terrorism. Singapore—while drawing nearer to the United States—has emphasized the growing instances of “fundamentalism” among the region’s Muslims. The Malaysian government—now headed by Prime Minister Abdullah Badawi, a Muslim scholar—acknowledges that “extremist” forces threaten the region but also talks of Western causes for Muslim alienation around the world. While differences can be detected in how the two states view the root causes, both are equally determined to confront the problem. In Malaysia’s case, although Islam is the official state religion, the war on terrorism has also proved useful for ruling authorities in Malaysia to confront Islamist rivals including PAS.

There is indication that some of the past rancor in the relationship is the result of personalities. Prime Minister Abdullah gives every indication of adopting a very different diplomatic tone from his predecessor, the plain-speaking Dr. Mahathir Mohammed. As prime minister, Mahathir remarked that just as there are many ways to skin a cat there are ways to skin Singapore. Singaporeans regarded the tone of this throwaway remark as unfortunate, even an open threat. The verbal sparring with Mahathir continued until he left office. Singapore’s Prime Minister Goh Chok Tong told the media in February 2003, after another of Mahathir’s verbal attacks, that: “Dr. Mahathir is a very good spin doctor. Compare him with the best; I think he spins the story very well. We in Singapore are less good in spinning stories. We prefer the more serious approach, giving facts and figures.” Malaysia, with Abdullah at the helm, has set a very different tone at the personal level, which will carry over into the institutional level. In January 2004, during his first visit to Singapore as prime minister of Malaysia (as part of the traditional tour of ASEAN countries that new leaders make), Abdullah spoke of working through all of the outstanding bilateral problems. By contrast, Mahathir had called off all official talks in Singapore in 2002 over the issue of water. (Nonetheless, even Mahathir tempered his strong remarks. In January 2003, Mahathir felt it necessary to publicly promise that Malaysia would never go to war with Singapore over “territorial gains.”) As another example of a general thaw, recently the Malaysian government announced a US\$2.6 million Third Countries Business Development fund, which is double the existing fund, to enable businesses from Malaysia and Singapore to jointly develop outside market opportunities.

In another sense Singapore is relieved with the new Malaysian prime minister’s commitment to confront, in their view, radical Islam. Abdullah’s overwhelming victory in the 2004 elections would have been greeted with applause in Singapore, a country more at home with the ruling Barisan Nasional government and fearful of the Islamist opposition PAS.

Security in and around the countries of maritime Southeast Asia is another common interest. Malaysia and Singapore also have long-standing defense ties that date back to pre-independence times. A modicum of this historic relationship continues to thrive with the FPDA. The FPDA also includes Britain, Australia, and New Zealand. It features annual exercises that allow the five countries to standardize procedures. Recently the defense ministers of both countries, Najib Razak (Malaysia) and Teo Chee Hean (Singapore), publicly stressed the importance of the alliance. In June 2004 the five defense ministers agreed to expand the scope of the FDPA to include anti-terrorism drills.

CONCLUSION

In summary, bilateral cooperation between Malaysia and Singapore is deep and substantial, a point often overlooked in the daily blow-by-blow reporting of diplomatic disputes. The bilateral disagreements are serious and require careful diplomacy to disentangle, but the relationship seems strengthened to a degree with the emergence of the Abdullah administration in Malaysia. On issues of fundamental importance to security, Malaysia and Singapore can and will engage in substantial cooperation. Furthermore, people-to-people linkages are widespread throughout the two countries. Aside from a vast network of family relationships across the causeway, many citizens in each country live, work, and study in the other.

The Malaysia-Singapore relationship is a valuable partnership from Washington's point of view, particularly in light of the war against terrorism. Both countries are deeply committed to confronting terrorism in their own countries and in the wider region. Both have also proved to be useful partners for the United States even if there are divergences of policy and interpretation. (Malaysia's criticism of U.S. foreign policy is most striking in this regard, but Singapore too has criticized America's policies in the Middle East.) Together with the Philippines, they have been the principle cheerleaders in ASEAN for greater steps against the terrorist problem. They have, for example, been active in persuading a reluctant administration in Jakarta to confront the JI threat.

Singapore in particular has been the most active partner for Washington although Singapore and the United States have had their differences in the past, largely over human rights and democracy issues. While Singapore was supportive of U.S. military operations in Afghanistan and Iraq, the Malaysian government has felt compelled to criticize both campaigns. Although Malaysia constantly urges the United States to make foreign policy corrections, usually regarding Palestine, the bottom line is that it shares Washington's concerns about terrorist groups, particularly those linked to the al Qaida network.

The risk of war between Malaysia and Singapore should be regarded as extremely low at this point in time, which should be welcome news to the United States and other countries that have substantial interests in the free flow of shipping through Southeast Asia. There are now promising signs of growing warmth in the relationship between Malaysia and Singapore, but even in less encouraging times Malaysia and Singapore have proven that they can cooperate on issues of high politics.